

## **Bonterra PUD District; Ordinance # 21-16**

### **Proposed Amendment to PUD District**

#### **Narrative Background**

Hartman Capital LLC, ("Applicant") has entered into a purchase agreement for a 2.58+/- acre parcel on the south side of State Route 32 approximately 500 feet east of the intersection of Shady Nook Road and SR32. The subject parcel is at the northwest corner of the Bonterra PUD District approved through Ordinance # 21-16. Applicant desires to construct a single-story multi-tenant retail building encompassing approximately 15,000 to 16,000 square feet.

The current Bonterra PUD District allows for General Office and Single Family Attached uses but does not include General Retail uses. Broad industry consensus, backed up by Applicant's experience within the Westfield submarket and the lack of activity to date, suggests the appetite for new office space is lacking and this trend is not expected to reverse in the foreseeable future. This finding is the likely result of foundational changes in the office workplace model though explosive growth in full and/or hybrid remote work arrangements, accelerated by the Covid pandemic restrictions and subsequent advancement in technologies supporting remote interaction and collaboration.

This fundamental change in the workplace model not only reduces the market size for new office space, but also introduced growing vacancies within existing office space inventories. This provides additional options for entities seeking office space with the corresponding negative impact on the viability of new office construction. Financing sources are acknowledging these challenges as a growing number of office centric properties throughout the United States are transitioning into troubled debt categorization. The resulting lack of confidence hinders lending sources from readily extending funding to new office development.

Conversely, the demand for retail space along the State Route 32 corridor is robust. Applicant currently owns and manages a multi-tenant retail center approximately 1 mile west of the subject parcel. This retail center is fully leased, and Applicant routinely receives unsolicited contacts from high quality tenant leads inquiring about available space along this corridor in Westfield. Additionally, Applicant recently completed a similarly scaled retail development in the north Indy Metro market (Fishers) and is already 50% leased within 1 month of project completion.

Applicant's proposed amendment is tightly written to allow a subset of uses from the General Business District consistent with existing uses already flourishing along the SR 32 corridor and responsive to the demand Applicant is observing from prospective tenants. Applicant has extensive experience with this style of development with over 400,000 square feet of commercial space owned and managed in multiple markets.

Apart from the proposed amendment, Applicant intends to fully adhere to all requirements of Westfield Unified Development Ordinance, the State Route 32 Overlay district, and all remaining Bonterra PUD District requirements.